



Workforce Services Memorandum - Policy Update

Effective Date: June 28, 2018

Subject: 80 % Obligation Policy and State Reserve/Rapid Response Funds

Request to Waive the 80 % Obligation Rate- The State Workforce Development Board (SWDB) Executive Committee has elected to waive the **State** requirement (TN-WIOA 16-15) of 80 percent minimum obligation of first year funds for both Program Year (PY) 2017 and 2018.

Realignment of the State's workforce system represents a significant commitment by the Local Workforce Development Boards (LWDBs) to include electing new Chief Local Elected Officials (CLEO), reconstituting local area boards, designation of new fiscal agent. We believe waiving the 80 percent requirement is necessary to mitigate potential barriers to the successful transitioning of the workforces systems from 13 local areas to 9 local areas.

Reduction of State Reserve for Rapid Response Activity- The SWDB Executive Committee has elected to reduce the state reserve percentage for Rapid Response Activity from 15 % to 10 %. The benefit of reducing the reserve is twofold: 1) increases the PY18 Dislocated Worker funding to the local areas and 2) by increasing the funding allocation the local areas helps the State to meet the 80 percent obligation rate on first year funding mitigating potential risk of recapture of funds. This benefit can be gained without diminishing the value of the Rapid Response program and its services.

Contact:

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